Michigan Department of Community Health

# Outpatient Hospital Providers Frequently Asked Questions For Reporting National Drug Code (NDC) For Physician Administered Drugs

**Effective for dates of service on and after July 1, 2008, Outpatient Hospital Providers (OPHs) are required to report the national drug codes (NDCs) and its information for physician administered drugs billed on Fee for Service (FFS) claims as mandated by the Deficit Reduction Act of 2005 (DRA). The following are frequently asked questions by providers.**

**Q.** What is the NDC?

**A.** The NDC is a number maintained by the Food and Drug Administration that identifies the drug labeler/manufacturer, product, and trade package size.

**Q.** Why does MDCH have to implement the NDC reporting requirement for physician administered drugs for dates of service (DOS) on and after July 1, 2008 and why is it important that OPHs correctly report the NDC?

**A.** MDCH must comply with the federal mandate requiring the reporting of NDCs for physician administered drugs or be in violation of the DRA. NDC information is used to maximize federal drug rebates obtained from the drug invoice and/or packaging information.

**Q.** Are OPHs required to report the NDC information for a physician administered drug?

**A.** Yes, the DRA **did not exempt** OPHs from reporting the NDC for a physician administered drug. All OPHs including 340B hospital are required to report NDC information.

**Q.** Clarify when it is necessary to report the name of the drug and route of administration?

A. The name of the drug and route of administration is required if paper claims are billed.

According to the HIPAA Implementation Guide for Institutional Claims the route of administration and name of the drug is not used when reporting the NDCH in the 2410 Loop.

**Q.** Are OPHs required to report the NDC information for Medicare status indicator "N" (SI/N) pharmaceuticals?

**A.** No, refer to Section 6.12 in the Billing & Reimbursement for Institutional Providers Chapter of the Michigan Medicaid Provider Manual.

**Q.** Do incidental drug codes (status indicator "N") need to have an NDC attached?

**A.** No

**Q.** Do you require OPHs to bill NDCs for packaged HCPCS Code?

**A.** No

**Q.** What happens if I do not report the NDC when required for physician administered drugs when I'm supposed to?

**A.** Effective for DOS on and after July 1, 2008 (see policy bulletin MSA 08-02), edit 955 will set at claim line level and reject the claim line. You may rebill your claim if you identify and correct your billing error.

**Q.** Are radiopharmaceuticals included in the NDC reporting requirements regardless of the Medicare status indicator (SI)?

**A.** Refer to Section 6.12 in the Billing & Reimbursement for Institutional Providers Chapter of the Michigan Medicaid Provider Manual for information.

**Q.** If radiopharmaceuticals are non-rebate, do OPHs need to report any NDC information?

**A.** According to DRA and federal regulation (42 CFR Part 447 Medicaid Program; Prescriptions; Final Rule), State Medicaid Agencies cannot reimburse claims for physician administered drugs (except

vaccines/immunizations) by manufacturers who do not have signed rebate agreements with the Centers for Medicare & Medicaid Services (CMS).

**Q.** Is the NDC information for vaccines/immunizations required to be reported on the claim?
**A.** Yes

**Q.** If the NDC information is not reported on the claim, will the entire claim reject or just the claim line item?
**A.** The claim will reject at line item if the NDC information is not reported on the claim. The reject edit for missing/invalid NDC information is Edit 955.

**Q.** Will the MDCH post a list of the NDCs for physician administered drugs?
**A.** No, it is impossible for the MDCH to provide a list because of current economic times where the NDC changes frequently due to company mergers and acquisitions. Providers can refer to their drug purchase invoices or use the CMS web address for a non-inclusive list of NDCs for physician administered drugs at: http://www.cms.gov/McrPartBDrugAvgSalesPrice as a reference.

**Q.** What are physician administered drugs?
**A.** Refer to the federal regulation 42 CFR Part 447 Medicaid Program; Prescriptions; Final Rule.

**Q.** Are the Medicaid Health Plans (MHPs) subject to the NDC reporting requirements?
**A.** No, the reporting of NDC information for physician administered drugs applies to Fee-for-Service (FFS) outpatient drugs that are separately reimbursed.

**Q.** Does Medicaid require NDCs on secondary claims?
**A.** Yes, the NDC is required on all FFS claims even when the beneficiary has other insurance. If a provider bills Medicaid for the beneficiary's liability where another insurer has made a payment, the provider must report the NDC information on the claim. An example is if the beneficiary has Medicare Part B primary, the provider must report the NDC information for the physician administered drug on his claim to Medicare. Medicare will crossover that same claim to Medicaid.

**Q.** Why are the NDC requirements for Tricare different from Medicaid?
**A.** The DRA only addresses the NDC reporting requirements for the Medicaid Program.

**Q.** If OPHs must report NDCs, why not the same requirements for each payer?
**A.** The DRA only addresses the NDC reporting requirements for the Medicaid Program.

**Q.** Do other Medicaid State Agencies require the reporting of NDCs for physician administered drugs?
**A.** Yes, this is a federal mandate, not a state mandate or specific to Michigan Medicaid.

**Q.** Are 340B Hospitals excluded from the NDC reporting requirement?
**A.** No, 340B hospitals are not excluded from reporting the NDC information for physician administered drugs. 340B Hospitals are required to bill the actual acquisition cost of a drug if purchased at the 340B price per federal law as part of their participation in the 340B Program. MDCH may recoup payment(s) for billings in violation of this policy.

**Q.** If radiopharmaceuticals are non-rebate drugs, do providers need to report any NDC information?
**A.** Radiopharmaceuticals need to be reported if they are reimbursed (not a Medicare Status Indicator "N"). MDCH is in the process of NDC testing and if NDC information is reported for a Medicare SI/N drug that is

not required on a claim line, the claim line is not to reject the claim line. MDCH will monitor claims closely and work with providers when we "go live."

**Q.** What Federal regulation supports the requirement of billing the actual acquisition costs?
**A.** Information on the 340B Program including information on billing Medicaid may be found on the U.S. Department of Health and Human Services, Health Resources and Services Aministration, Pharmacy Services Support Center website @:**http://pssc.aphanet.org/default.htm** .

**Q.** Where can I find out how my hospital is enrolled in the 340B program?
**A.** Enrollment information can be found on the U.S. Department of Health and Human Services, Health Resources and Services Aministration, Pharmacy Services Support Center website @:**http://pssc.aphanet.org/default.htm** .

**Q.** Physicians order drugs but nurses administer them – is it the 'intent' to include any covered drug administered in a hospital setting?
**A.** The federal mandate for reporting the NDC of a "physician administered drug" that is separately reimbursed by the Department, applies to a hospital even if the drug is administered by the nurse (e.g., nurse practitioner, licensed individual for drugs administered in an ordered ambulatory setting) to a beneficiary.

**Q.** Does this Federal mandate apply to the dually eligible (Medicare/Medicaid) beneficiaries?
**A.** Yes

**Q.** Does this Federal mandate apply to Adult Benefits Waiver (ABW) Program?
**A.** No

**Q.** Does this Federal mandate apply to Title V program coverage of Children Special Health Care Services Program?
**A.** No

**Q.** Where does the 340B price for a physician administered drug get reported on the electronic claim format?
**A.** Refer to the 837 Institutional Implementation Guide, which directs providers to report the 340B price in Loop 2400 - SV2 Segment. This is hte same place where the charge or cost to charge (hospital reverences) for non 340B drugs are reported.

**Q.** Starting July 2008 are OPHs required to bill the acquisition (340B OPHs) cost and the NDC number for drugs acquired through the 340B program on OPH claims?
**A.** This has been a requirement since your enrollment date in the 340B program.

**Q.** What price is reported in the CTP03 segment as the drug unit price?
**A.** Zero (0.00) dollars or the NDC unit price may be reported in this segment.

**Q.** Can other payers be billed cost plus markup for these same drugs?
**A.** Yes

**Q.** When there are multiple multiple NDC's for a pharmacy item, where do we report these additional codes on the UB?
**A.** Report multiple NDCs for "physician administered" drugs in Form Locator 80 (Remarks Field) as indicated in the National Uniform Billing Committee UB-04 Manual.

**Q.** Do we report all NDC's for the compound drugs or the largest ingredient?
**A.** For compound drugs, report all NDCs.

**Q.** Does Michigan use KP and KQ modifiers?
**A.** MDCH is not using modifiers KP and KQ.